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SUBJECT: 2005 REVIEW: A MATTER OF PERSPECTIVE

Classified By: A/DCM D.C. McCullough, reasons para 1.4 b, d.

1. (S) How Bangladesh looks depends on where you stand. For many, the view is disturbing: the country's government is unable or unwilling to cope with, and sometimes even acknowledge, its many obvious sores. Politics are bitter, parochial, and winner take all. But there's another perspective. If Prime Minister Zia were asked to rate 2005, she'd probably say it was pretty good, especially if the next few months show that she has turned the corner on the Jamaat-ul Mujahidin Bangladesh (JMB) terrorists. Zia's outlook stems solely from the answer to the one question that matters to her, her son Tarique, and their coterie: Are BNP's prospects for the January 2007 election better now than they were 12 months ago?

It's Good to be Queen  
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2. (S) For Zia, the good news is that the Awami League continues to flounder as a serious threat because of its extraordinary strategic and tactical myopia. Still haunted by popular perceptions that the Awami League was brazenly corrupt and arrogant when it ruled the country, the AL keeps failing to exploit the BDG's many mis-steps and find an issue to build political momentum. Instead, Hasina doggedly sticks to an anachronistic tactic -- nationwide strikes -- that she knows alienates the voters and that bounces off the BNP like a rickshaw off a bus. Her objective -- early national elections -- is packaged as an ultimatum that the BNP has no reason to respect, and Hasina boxes herself into a corner by threatening to boycott the election without radical changes in the caretaker regime setup that she knows the BNP will never accept. Making a virtue out of defeat, BNP leaders have trumpeted the victory of the AL incumbent in the hard-fought Chittagong mayoral contest and the shocking upset by a Hindu independent of the Islamist favorite in the Dinajpur by-election as evidence that the opposition doesn't need electoral changes to beat the government.

3. (S) Equally critical for Zia is the continuing endurance of her marriage of convenience to Jamaat Islami and the Islamist umbrella group IOJ, which she thinks is vital for winning marginal constituencies and repulsing AL power plays in the streets.

4. (S) The economy, meanwhile, chugs on. The post-MFA crisis turned out to be the biggest false alarm since Y2K, with Bangladesh's garment shipments -- three quarters of its exports -- actually showing huge increases in 2005. Surging investment in its ready-made garment industry is creating ten new factories and 5,000 jobs every month. Big companies from India, the Gulf, the U.S., and Australia are knocking at Zia's door for the privilege of making mega-investments in what Goldman Sachs has just identified as one of the world's top 11 up-and-coming economies. Even Bill Gates came, saw, and paid tribute to Bangladesh's great potential.

5. (S) The international community, BNP leaders believe, periodically gets spun up by Indian disinformation and the Awami League, but it again showed in 2005 that it lacks the appetite for political confrontation, whether the issue is political violence, extra-judicial killings, Islamist extremism, or the BDG's subordination of minority and worker rights to the preservation of "national harmony."

Look at My Record...Really  
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6. (S) If Zia has truly dodged the JMB bullet, she can argue that, unlike Hasina, she took on extremism and won. Left unsaid would be her relief that she did it quickly enough to avoid having to take politically painful decisions about JMB-linked figures in her party, the cohesiveness of the ruling coalition, and the BDG's broader approach to counterterrorism and extremism. She could highlight the leadership role in the JMB crackdown of the controversial but popular Rapid Action Battalion, which she created. She won't note that RAB has been so busy hunting the JMB that it only had time to "cross-fire" a handful of criminals, and that RAB showed it can, when it wants to, arrest and develop information from bad guys and then act on it without killing them in the middle of the night. She can reiterate her conviction that Bangladesh is truly a moderate and falsely maligned democracy.

17. (S) In Zia's mind, she can also cite with pride:

-- The relative lull in high-profile political violence in Bangladesh since the January 28 murder of former AL Minister AMS Kibria.

-- "Solving" the Kibria case by arresting "all" conspirators after delivering (more or less) on her commitment to cooperate with USG law enforcement experts assisting on the investigation.

-- Prosecuting and convicting two dozen mostly BNP-linked persons for the 2004 murder of AL MP Ahsanullah Master, the first that time perpetrators of a major political attack were brought to justice by this government.

-- Holding by-elections and mayoral elections generally viewed as free and fair, in contrast to the infamous Dhaka 10 by-election in 2004.

-- Deploying Bangladeshi peacekeepers to Sudan and regaining Bangladesh's ranking as the world's number-one peacekeeping nation.

-- Adhering to nine more UN counterterrorism conventions, bringing Bangladesh's total to 12.

-- Preserving communal and sectarian harmony by protecting Hindus, particularly during religious holidays, and holding the line against extremist demands to declare Ahmadiyyas non-Muslims.

-- Her tolerance, as a sign of respect for democracy, of a vigorously free press and the unsubstantiated allegations against her of murder and sedition by the Awami League that in many countries would have prompted arrests and prosecutions for libel.

-- Her overcoming Indian and AL obstructionism to hold a successful SAARC summit in Dhaka.

What's Next and What to Watch  
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18. (S) Even more than before, everything the BDG does in 2006 will be shaped through the shrinking prism of the upcoming election. Millennium Challenge Account? Duty-free access to the U.S. garment market? New IFI loans? A visibly strong relationship with the USG? High-level visits? Mega-investments? All these matter only as testimony to the BNP's political credentials.

19. (S) Zia's natural inclination will be to conclude that all she has to do in the last nine months of her administration is to act cautiously to protect her pole position for the upcoming election. While BNP's prospects look promising, there are potential problems:

A) The JMB Wild Card: A resurgence of JMB violence could cost her the election, especially if it is intense and active during the campaign. The randomness of JMB violence sparked hysteria among normally complacent Bangladeshis far beyond the scale of the actual attacks. Some BNP backbenchers were chaffing at the political fallout from the JMB campaign and BNP's partnership with JI. Zia's refusal to punish four BNP leaders linked to JMB underscored her aversion to admitting such links and to risking fissures in the ruling coalition. JMB leaders like Bangla Bhai could greatly embarrass the BNP if they end up in the dock, as HUI(B) commander Mufti Hanan did after his arrest when he fingered his alleged BNP protector.

The key question, though, is whether JMB will crumble after its recent setbacks, or will it regroup and strike again? Only the coming weeks and months will tell, but JMB has been under-estimated before. In February, it shrugged off its new outlaw status to launch five months later 503 coordinated bomb blasts across Bangladesh that stunned the nation. Also, JMB has shown a disturbing ability to change tactics and targets to overcome police counter-measures. Brash predictions by BNP leaders that JMB will soon be mopped up are foolish and reminiscent of BNP assertions last year that Bangla Bhai was just a media fabrication. On the other hand, JMB prisoners seem to be spilling their guts with little prompting, and virtually every day RAB is announcing significant arrests and weapons recoveries.

Key questions, particularly as indicators of the BNP's approach, include:

-- Does the BDG's crackdown relax as the violence abates? Can it catch the other five fugitive senior JMB leaders? Will it keep "just missing" JMB commander Abdur Rahman? Can it beat back political interference and the insider tips that have apparently impeded the hunt? Will it revert to saying that Bangla Bhai and other Islamists have fled to India? Does it keep maintaining that Islamist extremism is a mirage

manipulated by India and the Awami League, that Islam cannot be a factor in JMB violence because violence is un-Islamic, and that JMB's parenthood can be traced to India and the AL because they are "the only people who benefit" from the violence?

-- Are JMB suspects put on ice like Professor Galib or brought to trial?

-- Will the BDG show any sign that it has been scared straight on extremism? Will it scrutinize more closely the annual Tablighi Jamaat mass convocation near Dhaka next month, or will the few instances of JMB-Tablighi linkages be dismissed as a coincidence? Will it keep capitulating, sometimes pre-emptively, to Islamist pressure against "un-Islamic" events, as it did two weeks ago when it canceled a women's swim meet?

-- Will BDG law enforcement become more reticent in sharing JMB case information with us?

B) Islamist Rivalries: Do BNP efforts falter to keep IOJ and JI "inside the tent"? Does the acrimonious JI-IOJ split widen or close? What happens to Ahle Hadith mosques and madrassahs? Will the accounts of the Kuwait-based NGO, the Revival of Islamic Heritage Society, be unfrozen, and will it be business as usual at Ahle Hadith organizations? Is there a truce between the warring JI and BNP student groups?

C) The Awami League: Does it continue to opt out of the political process and threaten to boycott the election? Does it try to provoke a crisis, either on the streets or by resigning en masse from parliament to force multiple by-elections or an early election? Does it continue to think that it can replicate the "street power" of 1996 that ousted BNP from office, or will it conclude that this time the BNP -- backed by JI, JI's rabid student wing, and the steely nerves of Tarique Rahman -- is too strong to be bullied? Can the AL finally find an issue to rally the voters? Critically, does the AL make headway in its determination to break up the JI-BNP alliance? AL leaders understand the election may hinge on this point, which is why they relentlessly blame JI for BDG sins, from corruption and to the JMB bombing campaign, even when supporting logic or evidence is sparse.

D) General Ershad: In certain scenarios he could play a limited role. The BNP could probably survive Ershad's bolting to the AL because he and his Jatiya party are both in terminal decline, even in their northern stronghold. However, the BNP doesn't want to take any chances, so in June, it orchestrated criminal charges against Ershad's junior wife to abort her overtures to the AL. Ershad himself is in no position to antagonize the BNP so long as it can threaten to send him back to jail on the corruption charges kept hanging over his head, but he would have more room for maneuver once the caretaker regime takes office. Tarique Rahman has encouraged Jatiya leaders to join BNP, but all BNP really needs is to keep Ershad out of the opposition camp. Ershad could prove useful to the BNP, and have his best shot to become a player, as the back-up opposition if the Awami League sticks to its boycott threat.

E) The Army: There would have to be a catastrophic collapse in security or BNP confidence to persuade the military to depose the BNP or defer elections. Political has-beens talk about a "Musharraf" solution in hope of riding the military's coat-tails to power, and some Awami League supporters mutter about a military take-over to hype the extremist threat and because of their obsession with ousting Zia at any cost. However, there is no evidence that such talk is anything more than motivated cocktail chatter. The USG must continue to make it clear to everyone in Bangladesh, opposition and government alike, that we would strongly oppose any non-democratic change of authority.

F) The Integrity of the Electoral Process: BNP actions strongly suggest that the BNP will do whatever it takes, and can get away with, to win. But can it perpetuate fraud and pressure on a large enough scale to change the outcome? Ironically for a country bedeviled by weak institutions, elections bring out the best in Bangladesh. In the past three generally free and fair elections, the army provided effective security at polling booths, the caretaker regime ruled neutrally during the campaign, the courts offered recourse to victims of foul play, and the Election Commission ran the logistics. The AL argues that the BNP has politicized these institutions to the point they are electoral co-conspirators with the BNP, and it is true that the BNP has tried to stack the deck, like by changing the constitution to position a BNP-linked judge as the next chief caretaker. However, it is far from clear that the fix will actually work.

G) The Dark Prince: Tarique Rahman has the Zia name, political cunning, and mountains of cash generated by his

Hahwa Bhaban's collection of tolls from businesses and BNP political aspirants. However, he is also a uniquely polarizing figure in Bangladeshi politics. He inspires fear in many people, including BNP backbenchers, self-censoring journalists, business rivals, and parts of the PMO, who see him as ruthless, inexperienced, and unworldly. Tarique will win his first seat in parliament the next election, but if the maneuvering for him to succeed his mother becomes too obvious or brutal, there could be a strong backlash, even within BNP.

#### Conclusion

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10. (S) Bangladeshi elections are expensive, hard fought, and violent, with no government ever having overcome the South Asian bias against incumbents to win re-election. The BNP, however, is reasonably well placed to break that record if the JMB wild card can be contained and the Awami League continues to be its own worst enemy.

CHAMMAS